

INTRODUCTION: Public Debt Operations

Chapter 31 of Title 31 of the United States Code allows the Secretary of Treasury to borrow money by issuing Treasury securities. The Secretary determines the terms and conditions of issue, conversion, maturity, payment and interest rate. New issues of Treasury notes mature in 2 to 10 years. Bonds mature in more than 10 years from the issue date. Each marketable security is listed in the "Monthly Statement of the Public Debt of the United States." The information in this section of the "Treasury Bulletin" pertains only to marketable Treasury securities, current bills, notes and bonds.

- Table **PDO-1** provides a maturity schedule of interest-bearing marketable public debt securities other than regular weekly and 52-week bills. All unmatured Treasury notes and bonds are listed in maturity order, from earliest to latest. A separate breakout is provided for the combined holdings of the Government accounts and Federal Reserve Banks (FRBs), so that the "all other investors" category includes all private holdings.

- Table **PDO-2** presents the results of weekly auctions of 13- and 26-week bills, as well as auctions of 52-week bills, which are held every 4 weeks. Treasury bills mature each

Thursday. New issues of 13-week bills are *reopenings* of 26-week bills. The 26-week bill is issued every fourth week to mature the same Thursday as an existing 52-week bill is a reopening of the existing 52-week bill. New issues of *cash management bills* also are presented. High, low and average yields on accepted tenders and the dollar value of total bids are presented, with the dollar value of awards made both on a competitive and noncompetitive basis.

Treasury accepts noncompetitive tenders of up to \$1 million for bills and \$5 million for notes and bonds in each auction of securities to encourage participation of individuals and smaller institutions.

- Table **PDO-3** lists the results of auctions of marketable securities, other than weekly bills, in chronological order over the past 2 years. Included are: notes and bonds from table PDO-1, 52-week bills from table PDO-2, and data for cash management bills.

- Table **PDO-4** indicates the total amount of marketable securities allotted to each class of investor. The FRBs tally into investor classes the tenders in each auction of marketable securities other than weekly auctions of 13- and 26-week bills.

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[Source: Bureau of the Public Debt, Office of Financing]

On August 4, 1999, Treasury announced that it will no longer issue a 30-year bond in November, but will continue to issue 30-year bonds in February and August.

OCTOBER

Auction of 29-1/2-Year Inflation-Indexed Bonds

On September 29, 1999, Treasury announced it would auction \$7,000 million of 29-1/2-year inflation-indexed bonds to raise cash. The 9-1/2-year, 3-7/8 percent, inflation-indexed bonds of April 2029 were dated April 15, 1999, and issued October 15, 1999. They are due April 15, 2029, with interest payable on April 15 and October 15 until maturity.

Treasury received tenders for the bonds before 12 noon eastern daylight time (e.d.t.) for noncompetitive tenders and before 1 p.m. e.d.t. for competitive tenders on October 6. Tenders totaled \$13,468 million; Treasury accepted \$7,000 million. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 4.138 percent with an equivalent adjusted price of 96.989. Tenders at 4.138 percent were allotted 70 percent. Treasury accepted in full all competitive tenders at yields lower than 4.138 percent. The median yield was 4.069 percent, and the low yield was 4.000 percent. Noncompetitive tenders totaled \$26 million. Compet-

itive tenders accepted from private investors totaled \$6,975 million.

In addition to the \$7,000 million of tenders accepted in the auction process, Treasury accepted \$368 million from Federal Reserve Banks (FRBs) for their own accounts. The minimum par amount required for STRIPS of inflation-indexed bonds is \$1,000.

Auction of 2-Year Notes

On October 20, Treasury announced it would auction \$15,000 million of 2-year notes of Series AE-2001. The issue was to refund \$26,294 million of securities maturing October 31 and to pay down about \$11,294 million.

The notes of Series AE-2001 were dated October 31, 1999. They are due October 31, 2001, with interest payable on April 30 and October 31 until maturity. Treasury set an interest rate of 5-7/8 percent after determining which tenders were accepted on a yield auction basis.

Treasury received tenders for the notes before 12 noon e.d.t. for noncompetitive tenders and before 1 p.m. e.d.t. for competitive tenders on October 27. Tenders totaled \$40,345 million; Treasury accepted \$15,006 million. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.935 percent with an equivalent price of 99.888. Tenders at 5.935 percent were allotted 40 percent. Treasury accepted in full all competitive tenders at yields lower than 5.935 percent. The median yield was 5.920 percent, and the low

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yield was 5.881 percent. Noncompetitive tenders totaled \$1,275 million. Competitive tenders accepted from private investors totaled \$13,731 million.

In addition to the \$15,006 million of tenders accepted in the auction process, Treasury accepted \$1,500 million from FRBs as agents for foreign and international monetary authorities. It also accepted \$2,682 million from FRBs for their own accounts. The minimum par amount required for STRIPS of notes of Series AE-2001 is \$1,600,000.

52-Week Bills

On October 7, Treasury invited tenders for approximately \$10,000 million of 364-day Treasury bills. The bills were dated October 14, 1999, and will mature October 12, 2000. The issue was to refund \$27,000 million of all maturing bills and to raise about \$804 million of new cash. Treasury auctioned the bills on October 13. Tenders totaled \$23,469 million; Treasury accepted \$10,001 million. That included \$791 million of noncompetitive tenders from the public and \$1,075 million of the bills issued to FRBs as agents for foreign and international monetary authorities. Treasury issued an additional \$1,783 million to FRBs as agents for foreign and international monetary authorities for new cash. It also issued \$4,950 million of the bills to FRBs for their own accounts. The high bank discount rate was 5.115 percent.

NOVEMBER

November Quarterly Financing

On November 3, Treasury announced it would auction \$15,000 million of 5-year notes of Series H-2004 and \$10,000 million of 9-3/4-year notes of Series C-2009. The issue was to refund \$29,319 million of Treasury securities maturing November 15 and to pay down about \$4,319 million.

The notes of Series H-2004 were dated November 15, 1999. They are due November 15, 2004, with interest payable on May 15 and November 15 until maturity. Treasury set an interest rate of 5-7/8 percent after determining which tenders were accepted on a yield auction basis.

Treasury received tenders for the notes before 12 noon eastern standard time (e.s.t.) for noncompetitive tenders and before 1 p.m. e.s.t. for competitive tenders on November 9. Tenders totaled \$27,770 million; Treasury accepted \$15,001 million. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.888 percent with an equivalent price of 99.944. Tenders at the high yield were allotted 90 percent. Treasury accepted in full all competitive tenders at yields lower than 5.888 percent. The median yield was 5.870 percent, and the low yield was 5.810 percent. Noncompetitive tenders totaled \$513 million. Competitive tenders accepted from private investors totaled \$14,488 million.

In addition to the \$15,001 million of tenders accepted in the auction process, Treasury accepted \$1,200 million from FRBs as agents for foreign and international monetary authorities. It also accepted \$2,190 million from FRBs for their own ac-

counts. The minimum par amount required for STRIPS of notes of Series H-2004 is \$1,600,000.

The 9-3/4-year, 6 percent notes of Series C-2009 were dated August 15, 1999, and issued November 15, 1999. They are due August 15, 2009, with interest payable on February 15 and May 15 until maturity. Accrued interest of \$15.00000 per \$1,000, covering the period from August 15 to November 15, 1999, was payable with each accepted tender.

Treasury received tenders for the notes before 12 noon e.s.t. for noncompetitive tenders and before 1 p.m. e.s.t. for competitive tenders on November 10. Tenders totaled \$24,859 million; Treasury accepted \$10,005 million. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 6.007 percent with an equivalent price of 99.927. Tenders at the high yield were allotted 8 percent. Treasury accepted in full all competitive tenders at yields lower than 6.007 percent. The median yield was 5.990 percent, and the low yield was 5.910 percent. Noncompetitive tenders totaled \$84 million. Competitive tenders accepted from private investors totaled \$9,921 million.

In addition to the \$10,005 million of tenders accepted in the auction process, Treasury accepted \$500 million from FRBs as agents for foreign and international monetary authorities. It also accepted \$2,135 million from FRBs for their own accounts. The minimum par amount required for STRIPS of notes of Series C-2009 is \$100,000.

Auction of 2-Year Notes

On November 17, Treasury announced it would auction \$15,000 million of 2-year notes of Series AF-2001. The issue was to refund \$25,842 million of securities maturing November 30 and to pay down about \$10,842 million.

The notes of Series AF-2001 were dated November 30, 1999. They are due November 30, 2001, with interest payable on May 31 and November 30 until maturity. Treasury set an interest rate of 5-7/8 percent after determining which tenders were accepted on a yield auction basis.

Treasury received tenders for the notes before 12 noon e.s.t. for noncompetitive tenders and before 1 p.m. e.s.t. for competitive tenders on November 23. Tenders totaled \$36,887 million; Treasury accepted \$15,002 million. All noncompetitive and successful competitive bidders were allotted securities at the high yield of 5.946 percent with an equivalent price of 99.868. Tenders at the high yield were allotted 34 percent. Treasury accepted in full all competitive tenders at yields lower than 5.946 percent. The median yield was 5.935 percent, and the low yield was 5.864 percent. Noncompetitive tenders totaled \$1,212 million. Competitive tenders accepted from private investors totaled \$13,790 million.

In addition to the \$15,002 million of tenders accepted in the auction process, Treasury accepted \$1,300 million from FRBs as agents for foreign and international monetary authorities. It also accepted \$3,143 million from FRBs for their own accounts.

The interest rate determined in this auction matched that of an outstanding issue with the same maturity and interest payment dates. Therefore, it is considered an additional issue of

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the 5-year note of Series Q-2001 originally dated December 2, 1996. The minimum par amount required for STRIPS of notes of Series Q-2001 is \$1,600,000.

52-Week Bills

On November 4, Treasury invited tenders for approximately \$10,000 million of 363-day Treasury bills. The bills were dated November 12, 1999, and will mature November 9, 2000. The issue was to refund \$26,680 million of all maturing bills and to raise about \$1,320 million of new cash. Treasury auctioned the bills on November 9. Tenders totaled \$29,609 million; Treasury accepted \$10,004 million. That included \$726 million of noncompetitive tenders from the public and \$884 million is sued to FRBs as agents for foreign and international monetary authorities. Treasury issued an additional \$904 million to FRBs as agents for foreign and international monetary authorities for new cash. It also is sued \$4,540 million to FRBs for their own accounts. The high bank discount rate was 5.170 per cent.

DECEMBER

Auction of 2-Year Notes

On December 15, Treasury announced it would auction \$15,000 million of 2-year notes of Series AG-2001. The issue was to refund \$27,095 million of securities maturing December 31 and to pay down about \$12,095 million.

The notes of Series AG-2001 were dated December 31, 1999. They are due December 31, 2001, with interest payable on June 30 and December 31 until maturity. Treasury set an interest rate of 6-1/8 percent after determining which tenders were accepted on a yield auction basis.

Treasury received tenders for the notes before 12 noon e.s.t. for noncompetitive tenders and before 1 p.m. e.s.t. for competitive tenders on December 22. Tenders totaled \$31,459 million; Treasury accepted \$15,001 million. All noncompetitive and successful competitive bidders were allotted securities at

the high yield of 6.233 per cent with an equivalent price of 99.800. Tenders at the high yield were allotted 19 per cent. Treasury accepted in full all competitive tenders at yields lower than 6.233 per cent. The median yield was 6.207 per cent, and the low yield was 6.142 percent. Noncompetitive tenders totaled \$1,297 million. Competitive tenders accepted from private investors totaled \$13,704 million.

In addition to the \$15,001 million of tenders accepted in the auction process, Treasury accepted \$2,175 million from FRBs for their own accounts.

The interest rate determined in this auction matched that of an outstanding issue with the same maturity and interest payment dates. Therefore, it is considered an additional issue of the 5-year note of Series R-2001 originally dated December 31, 1996. The minimum par amount required for STRIPS of notes of Series R-2001 is \$1,600,000.

52-Week Bills

On December 2, Treasury invited tenders for approximately \$10,000 million of 364-day Treasury bills. The bills were dated December 9, 1999, and will mature December 7, 2000. The issue was to refund \$25,255 million of all maturing bills and to raise about \$1,745 million of new cash. Treasury auctioned the bills on December 7. Tenders totaled \$30,782 million; Treasury accepted \$10,000 million. That included \$795 million of noncompetitive tenders from the public and \$590 million is sued to FRBs as agents for foreign and international monetary authorities. In addition, Treasury issued \$4,815 million to FRBs for their own accounts. The high bank discount rate was 5.350 per cent.

Cash Management Bills

On December 17, Treasury invited tenders for approximately \$10,000 million of 23-day bills. The bills were issued December 21, 1999, and matured January 13, 2000. The issue was to raise new cash. Tenders were opened on December 20. They totaled \$27,896 million; Treasury accepted \$10,004 million. The high bank discount rate was 5.44 per cent.